

## Message Text

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ACTION TRSE-00

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 INR-07 NSAE-00

PA-02 PRS-01 SP-02 INRE-00 INT-05 EB-07 COME-00 SS-15

NSC-05 OPIC-06 SIL-01 LAB-04 AID-05 SSO-00 NSCE-00

FRB-01 OMB-01 H-02 /077 W

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O R 101738Z MAR 76

FM AMEMBASSY ROME

TO SECSTATE WASHDC IMMEDIATE 6267

INFO USIA WASHDC

UNCLAS ROME 3943

FOR: STATE PASS RHATICAN AT TREASURY

E.O. 11652: N/A

TAGS: SOPN, IT

SUBJECT: SECRETARY SIMON'S PRESS CONFERENCE: MAIN POINTS

HEREWITH MAIN POINTS SECRETARY SIMON DEVELOPED IN PRESS MEETINGS  
IN ROME, MARCH 10.

1) PURPOSE OF VISIT: TO GAIN UPDATE POLITICAL AND ECONOMIC  
DEVELOPMENTS IN ITALY BY DISCUSSIONS WITH RESPONSIBLE OFFICIALS  
IN GOVERNMENTAL, CENTRAL BANK, BUSINESS, AND LABOR UNION  
CIRCLES. DID NOT COME TO "IMPOSE" VIEWS, BUT TO  
EXCHANGE OPINIONS, WHICH AMONG FINANCE MINISTERS ARE ALWAYS  
"FRANK".

2) ITALY'S MAIN ECONOMIC PROBLEMS: SIMILAR TO THOSE OF OTHER  
COUNTRIES, INCLUDING US. ALL NEED TO DEVELOP POLICIES FOR NON-  
INFLATIONARY GROWTH WITHH BALANCE OF PAYMENTS IN EQUILIBIUM.  
BUDGETARY DEFICITS MUST BE REDUCED.

3) POLITICAL AND SOCIAL IMPLICATIONS: NECESSARY MEASURES  
INVOLVE DIFFICULT POLITICAL, ECONOMIC, AND SOCIAL CHOICES,  
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BUT SECRETARY FOUND RESOLVE AMONG GOI LEADERS TO CONFRONT

BASIC PROBLEMS. IN US, TOUGH ECONOMIC DECISIONS NOW BEARING FRUIT, EVEN THOUGH PRESENT ADMINISTRATION MIGHT ALSO BE CONSIDERED MINORITY PARTY. BUT IF LEADERSHIP HAS COURAGE TO TAKE CORRECT MEASURES AND EXPLAIN THEM TO PEOPLE, THEY WILL UNDERSTAND AND SUPPORT. GOOD ECONOMICS MEANS GOOD POLITICS.

4) US POLICY TOWARD ITALY. US WILL NOT ABANDON ITALY IN HOUR OF NEED. BUT CORRECT MEASURES MUST BE TAKEN TO INSURE AVAILABLE ASSISTANCE DOES NOT GO "DOWN THE DRAIN."

5) PCI IN GOVT. DECISIONS ONGOVERNMENTAL PARTICIPANTS ENTIRELY UP TO ITALIAN PEOPLE. BUT US WOULD REGARD PCI PARTICIPATION IN GOI AS "SERIOUS MATTER, REQUIRING REASSESSMENT OF RELATIONSHIP."

6) LIRA-DOLLAR RELATIONSHIP. NO ONE KNOWS WHETHER LIRA IS OVERVALUED OR UNDERVALUED IN RELATION TO THE DOLLAR. MARKET WILL DECIDE.

7) SOURCES OF POTENTIAL ASSISTANCE. IMF; EEC WITH CURRENT TALKS UNDERWAY; 750 MILLION FROM US AUTHORIZED FOR USE NOW AS PART OF SWAP LINE WITH FEDERAL RESERVE. SECRETARY ALSO CONFIDENT THAT CONGRESS WILL APPROVE OECD SAFETY NET TO HELP BALANCE OF PAYMENTS OF COUNTRIES HURT BY OIL CRISIS. ITALIAN QUOTA UNDER SAFETY NET PROPOSAL IS APPROXIMATELY 1.6 BILLION DOLLARS.

8. INCOMES POLICY. UNDERSTAND POSITION OF WORKERS WHO WISH OFFSET EFFECTS INFLATION, BUT EXCESSIVE WAGE DEMANDS CONTRIBUTE TO WAGE-PRICE SPIRAL. MORE DETAILED WRAP-UP TO FOLLOW.VOLPE

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
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**TAGS:** SOPN, IT, (SIMON, WILLIAM)  
**To:** STATE  
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